

terminated without regard to specified gains and losses taken into account under paragraph (5) which is attributable to the portion of such calendar year which is after the beginning of the taxable year which begins in such calendar year, and

(B) any amount of net ordinary loss not taken into account for a calendar year by reason of subparagraph (A) shall be treated as arising on the 1st day of the following calendar year.

(f) Exception for certain regulated investment companies

This section shall not apply to any regulated investment company for any calendar year if at all times during such calendar year each shareholder in such company was—

(1) a trust described in section 401(a) and exempt from tax under section 501(a),

(2) a segregated asset account of a life insurance company held in connection with variable contracts (as defined in section 817(d))¹

(3) any other tax-exempt entity whose ownership of beneficial interests in the company would not preclude the application of section 817(h)(4), or

(4) another regulated investment company described in this subsection.

For purposes of the preceding sentence, any shares attributable to an investment in the regulated investment company (not exceeding \$250,000) made in connection with the organization of such company shall not be taken into account.

(Added Pub. L. 99-514, title VI, §651(a), Oct. 22, 1986, 100 Stat. 2294; amended Pub. L. 100-203, title X, §10104(b)(1), Dec. 22, 1987, 101 Stat. 1330-387; Pub. L. 100-647, title I, §1006(l)(2), (5), (6), Nov. 10, 1988, 102 Stat. 3413, 3414; Pub. L. 101-239, title VII, §7204(a)(1), Dec. 19, 1989, 103 Stat. 2334; Pub. L. 105-34, title XI, §1122(c)(1), Aug. 5, 1997, 111 Stat. 976; Pub. L. 111-325, title IV, §§401(a), 402(a), 403(a), 404(a), Dec. 22, 2010, 124 Stat. 3552-3554.)

AMENDMENTS

2010—Subsec. (b)(1)(B). Pub. L. 111-325, §404(a), substituted “98.2 percent” for “98 percent”.

Subsec. (c)(4). Pub. L. 111-325, §403(a), added par. (4).

Subsec. (e)(5) to (7). Pub. L. 111-325, §402(a), added pars. (5) to (7) and struck out former pars. (5) and (6) which related to treatment of foreign currency gains and losses after October 31 of calendar year and treatment of gain recognized under section 1296, respectively.

Subsec. (f). Pub. L. 111-325, §401(a)(1), struck out “either” before dash at end of introductory provisions.

Subsec. (f)(3), (4). Pub. L. 111-325, §401(a)(2)-(4), added pars. (3) and (4).

1997—Subsec. (e)(6). Pub. L. 105-34 added par. (6).

1989—Subsec. (b)(1)(A). Pub. L. 101-239 substituted “98 percent” for “97 percent”.

1988—Subsec. (e)(2). Pub. L. 100-647, §1006(l)(2), amended par. (2) generally. Prior to amendment, par. (2) read as follows: “The term ‘capital gain net income’ has the meaning given to such term by section 1222(9) (determined by treating the 1-year period ending on October 31 of any calendar year as the company’s taxable year).”

Subsec. (e)(5). Pub. L. 100-647, §1006(l)(5), added par. (5).

Subsec. (f). Pub. L. 100-647, §1006(l)(6), added subsec. (f).

1987—Subsec. (b)(1)(B). Pub. L. 100-203 substituted “98 percent” for “90 percent”.

EFFECTIVE DATE OF 2010 AMENDMENT

Pub. L. 111-325, title IV, §401(b), Dec. 22, 2010, 124 Stat. 3552, provided that: “The amendment made by this section [amending this section] shall apply to calendar years beginning after the date of the enactment of this Act [Dec. 22, 2010].”

Pub. L. 111-325, title IV, §402(b), Dec. 22, 2010, 124 Stat. 3553, provided that: “The amendments made by this section [amending this section] shall apply to calendar years beginning after the date of the enactment of this Act [Dec. 22, 2010].”

Pub. L. 111-325, title IV, §403(b), Dec. 22, 2010, 124 Stat. 3554, provided that: “The amendment made by this section [amending this section] shall apply to calendar years beginning after the date of the enactment of this Act [Dec. 22, 2010].”

Pub. L. 111-325, title IV, §404(b), Dec. 22, 2010, 124 Stat. 3554, provided that: “The amendments made by this section [amending this section] shall apply to calendar years beginning after the date of the enactment of this Act [Dec. 22, 2010].”

EFFECTIVE DATE OF 1997 AMENDMENT

Amendment by Pub. L. 105-34 applicable to taxable years of United States persons beginning after Dec. 31, 1997, and to taxable years of foreign corporations ending with or within such taxable years of United States persons, see section 1124 of Pub. L. 105-34, set out as a note under section 532 of this title.

EFFECTIVE DATE OF 1989 AMENDMENT

Section 7204(a)(2) of Pub. L. 101-239 provided that: “The amendment made by paragraph (1) [amending this section] shall apply to calendar years ending after July 10, 1989.”

EFFECTIVE DATE OF 1988 AMENDMENT

Amendment by Pub. L. 100-647 effective, except as otherwise provided, as if included in the provision of the Tax Reform Act of 1986, Pub. L. 99-514, to which such amendment relates, see section 1019(a) of Pub. L. 100-647, set out as a note under section 1 of this title.

EFFECTIVE DATE OF 1987 AMENDMENT

Section 10104(b)(2) of Pub. L. 100-203 provided that: “The amendment made by paragraph (1) [amending this section] shall take effect as if included in the amendments made by section 651 of the Tax Reform Act of 1986 [section 651 of Pub. L. 99-514, see Effective Date note below].”

EFFECTIVE DATE

Section 651(d) of Pub. L. 99-514 provided that: “The amendments made by this section [enacting this section and amending sections 852 and 855 of this title] shall apply to calendar years beginning after December 31, 1986.”

CHAPTER 45—PROVISIONS RELATING TO EXPATRIATED ENTITIES

Sec.

4985. Stock compensation of insiders in expatriated corporations.

PRIOR PROVISIONS

A prior chapter 45, consisting of sections 4986 to 4998, related to windfall profit tax on domestic crude oil, prior to repeal by Pub. L. 100-418, title I, §1941(a), (c), Aug. 23, 1988, 102 Stat. 1322, 1324, applicable to crude oil removed from the premises on or after Aug. 23, 1988.

¹ So in original. Probably should be followed by a comma.